

Message Text

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53

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

PA-04 PRS-01 USIA-15 CIAE-00 COME-00 FRB-03 INR-11

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 INT-08 FEA-02

DRC-01 /192 W

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R 150913Z JUL 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3333

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS TOKYO 9323

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: JAPAN'S BALANCE OF PAYMENTS IN JUNE-PROVSIONAL

PASS TREASURY AND FEDERAL RESERVE

SUMMARY: LARGE OVERALL DEFICIT CONTINUED IN JUNE,
HOWEVER, CURRENT ACCOUNT SHOWED SHARP IMPROVEMENT
FROM MAY. TRADE BALANCE (UNADJUSTED) RECORDED SURPLUS
OF \$20 MIL, PRIMARILY DUE TO LARGE INCREASE IN EXPORT
OF SHIPS. MET OUTFLOW OF LONG-TERM CAPITAL HOWEVER UP SHARPLY
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FROM \$248 MIL IN MAY TO \$600 MIL IN JUNE. OVERALL

DEFICIT IN JUNE DETERIORATED BY \$248 MIL TO \$1,270 MIL.
ON SEASONALLY ADJUSTED BASIS, BOTH TRADE AND CURRENT
ACCOUNT IMPROVED FROM MAY, WITH TRADE BALANCE REGISTERING
SURPLUS OF \$171 MIL. END SUMMARY.

1. ON SEASONALLY ADJUSTED BASIS, BOTH TRADE AND CURRENT
ACCOUNT BALANCES IMPROVED IN JUNE DESPITE CONTINUED HIGH
LEVEL OF OIL IMPORTS. SEASONALLY ADJUSTED EXPORTS DOWN
BY 0.4 PERCENT, WHILE IMPORTS DOWN 4.7 PERCENT AND SURPLUS
ON TRADE BALANCE \$171 MIL. AMBASSY ESTIMATE OF IMPORTS
(S.A.) EXCLUDING OIL AMOUNTED TO \$3,238 MIL WHICH SOME-
WHAT LOWER THAN IN MAY (SEE TOKYO 7879). TRADE BALANCE
EXCLUDING OIL (S.A.) ROSE TO SURPLUS OF \$1,556 MIL IN
JUNE WHICH IS LARGEST IN PAST NINE MONTHS.

2. IN JUNE, TRADE BALANCE IMPROVED, RECORDING SURPLUS OF
\$20 MIL AS COMPARED TO DEFICIT OF \$569 MIL IN MAY. THIS
PRIMARILY DUE TO SHARP INCREASE IN SHIP EXPORTS. CURRENT
ACCOUNT FOR JUNE RECORDED DEFICIT OF \$590 MIL, REPRESENT-
ING IMPROVEMENT OF \$484 MIL FROM MAY. NET OUTFLOWS OF
LONG-TERM CAPITAL ROSE \$352 MIL FROM MAY LEVEL TO \$600
MIL. AS RESULT, BASIC BALANCE REGISTERED DEFICIT OF
\$1,190 MIL. SHORT-TERM CAPITAL, INCLUDING ERRORS AND
OMISSIONS, RECORDED OUTFLOW OF \$80 MIL. OVERALL DEFICIT
OF \$1,270 MIL WAS FINANCED BY \$1,580 MIL IN NET INFLOW
OF BANKING AND OTHER FUNDS WITH RESULT OFFICIAL NET
ASSETS INCREASED BY \$310 MIL.

3. IMPORTS ROSE SHARPLY IN JUNE, INCREASING 66.7 PERCENT
FROM JUNE 1973 (UNADJUSTED) TO \$4,740 MIL ON SEASONALLY
ADJUSTED BASIS, THEY WERE 4.7 PERCENT LOWER THAN MAY AT
\$4,626 MIL. EXPORTS, HOWEVER, ALSO ROSE IN JUNE TO
\$4,760 MIL UP 6.1 PERCENT FROM JUNE 1973 (UNADJUSTED).
ON SEASONALLY ADJUSTED BASIS JUNE EXPORTS 0.4 PERCENT
LOWER THAN MAY AT \$4,797 MIL. MOST OF IMPROVEMENT
REPORTEDLY CONCENTRATED IN STEEL (UP 99.7 PERCENT FROM
JUNE 1973), AUTOS (UP 67.9 PERCENT FROM JUNE 1973),
MACHINERY (UP 51.7 PERCENT FROM JUNE 1973), AND SHIPS
(UP 92.7 PERCENT FROM JUNE 1973). CONSEQUENTLY, TRADE
BALANCE IN SURPLUS BY \$171 MIL (SEASONALLY ADJUSTED)
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COMPARED WITH MAY DEFICIT OF \$39 MIL (REVISED).

4. PROVISIONAL UNADJUSTED JAPANESE BALANCE OF PAYMENTS
IN JUNE IN MIL DOLLARS (JUNE 1973 DATA IN PAREN);
OVERALL BALANCE MINUS 1,270 (MINUS 959); EXPORTS
4,760 (UP 61.4 PERCENT FROM 2,949); IMPORTS 4,740
(UP 66.7 PERCENT FROM 2,843); SERVICES AND TRANSFERS
COMBINED MINUS 6P (MINUS 364); LONG-TERM CAPITAL

MINUS 600 (MINUS 527); SHORT-TERM NONMONETARY CAPITAL
AND ERRORS AND OMISSIONS MINUS 80 (MINUS 174). NRATE OF
EXCHANGE USED FOR JUNE WAS 282.94 PER DOLLAR AND FOR MAY
278.83PER DOLLAR.

5. FINANCING OF OVERALL DEFICIT IN JUNE (JUNE 1973
DATA IN PAREN) AS FOLLOWS: COMMERCIAL BANKS NET SHORT-
TERM BOROWING ABROAD \$1,580 MIL (\$329 MIL); OFFICIAL
ACCOUNTS INCREASE IN NET ASSETS \$310 MIL (MINUS \$630
MIL; PUBLISHED OFFICIAL RESERVES UP \$262 MIL IN JUNE TO
\$13,429 MIL. GOLD AND FOREIGN EXCHANGE TOTALED \$12,267
MIL, GOLD TRANCHE \$648 MIL, AND SDR'S \$514 MIL.

6. CUSTOMARY DETAILS ON CUSTOMS EXPORTS TO BE REPORTED
IN SEPTTEL.
SHOESMITH

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